

Message Text

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PAGE 01 STATE 197496
ORIGIN EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 COME-00 FMC-01 STR-07
CIAE-00 DODE-00 DOTE-00 INR-10 NSAE-00 CG-00
DLOS-09 OES-09 XMB-02 /069 R

DRAFTED BY EB/TRA/MA:REJOHE:EW
APPROVED BY EB/TRA/MA:RKBANK
MARAD - SPARDUE
MARAD - FRAITER (INFO)
FMC - BKEHOE (INFO)
STR - SCOFFIELD (INFO)
NEA/AFN - DHESTER
-----110212 050415Z /14
P R 042129Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY ALGIERS PRIORITY
INFO AMEMBASSY ROME
AMCONSUL GENOA

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E.O. 11652:N/A

TAGS: EWWT, AG

SUBJECT: LYKES STEAMSHIP COMPANY AND ALGERIAN POLICY ON
OVERAGED VESSELS

REFS: A) ALGIERS 1373, B) STATE 93063(NOTAL)

1. LYKES OFFICIALS HAVE APPROACHED MARAD AND STATE (EB/TRA/MA) REGARDING WHAT LYKES CLAIMS TO BE "INVOCATION OF DISCRIMINATORY TRADE PRACTICES AGAINST US-FLAG VESSELS WHICH CALL AT ALGERIAN PORTS."

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2. PROBLEM IS A REVIVAL OF THE OVERAGED VESSEL PROBLEM DESCRIBED IN REFS A AND B. LYKES REPORTS THEY ARE NOW OR WILL IN THE FUTURE BE CHARGED OVERAGED INSURANCE PREMIUMS ON ITS VESSELS WHICH ARE 15 YEARS AND OLDER AND WHICH CALL AT ALGERIAN PORTS. THE ALGERIAN NATIONAL INSURANCE COMPANY (CAAR) WILL ASSESS SUCH PREMIUMS. LYKES NOT ENTIRELY CERTAIN AS TO THE STATUS OF THE INVOCATION OF THE

PREMIUM CHARGE. FYI. AS LYKES RELATES THE STORY, ON JULY 24 THEY RECEIVED WORD THAT LYKES VESSELS OPERATED IN THE REGULARLY SCHEDULED LINER SERVICE (I.E., U.S. GULF/MEDITERRANEAN PORTS CONFERENCE) WOULD BE EXEMPT FROM THE OVERAGED PREMIUM CHARGE. THEN LYKES RECEIVED WORD THAT ON AUGUST 1 CAAR PLANNED TO INVOKE THE NEW CHARGE EFFECTIVE

IMMEDIATELY. SOURCE OF LYKES' INFORMATION BELIEVED TO BE FROM ITS GENOA AGENT, BOB HULCHER. LYKES' ALGERIAN AGENT IS CNAN AND EB/TRA/MA NOT CERTAIN WHAT ROLE EITHER HAS PLAYED IN THIS PROBLEM. LYKES STATES THAT AT LEAST 16 OF ITS SHIPS COULD BE AFFECTED BY THIS NEW ACTION. END FYI.

3. LYKES' VICE PRESIDENT T.E. KILLEAN, HAS STATED THE FOLLOWING WHICH POST CAN USE AS NEEDED.

QUOTE. ALL LYKES VESSELS ARE CLASSIFIED BY THE AMERICAN BUREAU OF SHIPPING AS CLASS A-1 WHICH IS HIGHEST CLASSIFICATION WHICH CORRESPONDS TO LLOYDS 100 VERITAS A-1. LYKES VESSELS ALL COMPLY WITH U.S. COAST GUARD REGULATIONS AS TO CONSTRUCTION, MANNING AND OPERATIONS AND IT IS WELL KNOWN THAT U.S. REGULATIONS ARE AMONG MOST STRINGENT IN THE WORLD.

ALL U.S. VESSELS ARE REQUIRED TO UNDERGO EXTREMELY STRINGENT LIMITED OFFICIAL USE

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ENT CLASSIFICATION SURVEYS EVERY FOUR YEARS AND THE S.S. MARJORIE LYKES UNDERWENT SUCH SURVEY THIS YEAR AND WILL NOT REQUIRE RECLASS SURVEY UNTIL APRIL, 1982.

UNDER U.S. MARITIME REGULATIONS, THE STATUTORY LIFE OF U.S. VESSELS IS CONSIDERED TO BE 25 YEARS.

ALL OTHER CARGO UNDERWRITERS WORLDWIDE RECOGNIZE THE FACT THAT U.S. VESSELS REGULARLY EMPLOYED IN LINER TRADES ARE EXEMPT FROM OVERAGE PENALTIES. END QUOTE.

4. LYKES ALSO QUESTIONS WHETHER CNAN (THE ALGERIAN STATE SHIPPING COMPANY) IS NOT BEING EXEMPTED FROM OVERAGED PREMIUM PAYMENT. THEY HAVE NO SUBSTANTIVE EVIDENCE TO PROVE THIS, BUT AT THIS STAGE THEY QUESTION THE VALIDITY OF KOUDRI'S STATEMENT NOTED PARA 3, REF A. IF CNAN IS EXEMPTED, THERE CERTAINLY WOULD BE DISCRIMINATION AGAINST LYKES.

5. ACTION REQUESTED. REQUEST EMBASSY QUERY OFFICIALS REGARDING LYKES' ALLEGATION AND ADVISE DEPT (EB/TRA/MA). IN MAKING INFORMAL INTERVENTION REGARDING THIS

MATTER, EMBASSY MAY WISH TO DRAW ON INFORMATION PROVIDED
PARAS 3 AND 4, REF B. FYI: ADDRESSE MAY ALSO WISH TO
KNOW THAT AT PRESENT APPROXIMATELY 3 MILLION DOLLARS IN
EXIMBANK LOANS ARE COMMITTED TO ALGERIA. OF THIS AMOUNT
ONLY ONE GENERAL WAIVER HAS BEEN GRANTED IN THE AMOUNT OF
\$138 MILLION, OF WHICH \$75 MILLION REMAINS TO BE SHIPPED
UNDER THIS WAIVER. IF DISCRIMINATION DOES EXIST, MARAD
MAY BE COMPELLED TO REVOKE THE WAIVER ON THE \$75 MILLION,
AND DENY FUTURE APPLICATIONS FOR GENERAL WAIVERS. END FYI VANCE

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